

ESHB 1031 - S AMD TO WM COMM AMD (S-2771.1/05) 442
By Senator Honeyford

NOT ADOPTED 04/06/2005

1 Beginning on page 1, line 22 of the amendment, strike all of
2 sections 2 through 4 and insert the following:

3 "Sec. 2. RCW 43.20A.890 and 2002 c 349 s 4 are each amended to
4 read as follows:

5 (1) A program for (a) the prevention and treatment of
6 (~~pathological~~) problem and pathological gambling; and (b) the
7 training of professionals in the identification and treatment of
8 problem and pathological gambling is established within the department
9 of social and health services, to be administered by a qualified person
10 who has training and experience in (~~handling pathological~~) problem
11 gambling (~~problems~~) or the organization and administration of
12 treatment services for persons suffering from (~~pathological~~) problem
13 gambling (~~problems~~). The department may contract for any services
14 provided under the program. The department shall track program
15 participation and client outcomes.

16 (2) To receive treatment under subsection (1) of this section, a
17 person must:

18 (a) Need treatment for (~~pathological~~) problem or pathological
19 gambling, or because of the problem or pathological gambling of a
20 family member, but be unable to afford treatment; and

21 (b) Be targeted by the department of social and health services as
22 (~~to be~~) being most amenable to treatment.

23 (3) Treatment under this section is (~~limited to~~) available only
24 to the extent of the funds appropriated or otherwise made available to
25 the department of social and health services for this purpose. The
26 department may solicit and accept for use any gift of money or property
27 made by will or otherwise, and any grant of money, services, or
28 property from the federal government, any tribal government, the state,
29 or any political subdivision thereof or any private source, and do all

1 things necessary to cooperate with the federal government or any of its
2 agencies or any tribal government in making an application for any
3 grant.

4 (4)(a) There is hereby created within the office of financial
5 management a problem gambling financial advisory committee, consisting
6 of eight voting members appointed or selected by the governor. It is
7 the purpose and function of the problem gambling financial advisory
8 committee to annually determine and report to the governor a consensus
9 estimate of the monetary value of all programs for the treatment of
10 problem and pathological gambling that:

11 (i) Provided problem and pathological gambling treatment services
12 to Washington residents in compliance with RCW 49.60.030 at any time
13 during the immediately preceding calendar year;

14 (ii) Were funded in whole or in part by either a tribal government
15 located within the external geographic boundaries of the state, or an
16 entity subject to taxation under section 5(2) or 6(1) of this act; and

17 (iii) Provided to the problem gambling financial advisory committee
18 by March 30th of the current calendar year such financial and
19 programmatic information deemed by at least half of the advisory
20 committee to be timely and sufficient to afford adequate review under
21 this section.

22 (b) The members of the problem gambling financial advisory
23 committee shall be appointed as follows:

24 (i) Three members selected by the governor from among those
25 nominated by any, some, or all federally recognized Indian tribes with
26 which the state has entered into a compact under RCW 9.46.360;

27 (ii) Two members selected by the governor from among those
28 nominated by any, some, or all entities subject to taxation under
29 section 5(2) or 6(1) of this act;

30 (iii) One member selected by the governor from among those
31 nominated by any, some, or all entities providing problem and
32 pathological gambling services in Washington;

33 (iv) One member representing the department of social and health
34 services; and

35 (v) One member representing the office of financial management.

36 (c) The problem gambling financial advisory committee's report of
37 the consensus estimate of the monetary value of programs for the
38 treatment of problem and pathological gambling shall be submitted to

1 the governor only if the advisory committee's entire report receives
2 (i) an affirmative vote of six or more voting members; and (ii) the
3 vote is obtained on or before September 30th of the year in which the
4 committee received timely financial reports.

5 (5) The department of social and health services shall ((report to
6 the legislature by September 1, 2002, with a plan for implementing this
7 section)) establish an advisory committee to assist it in designing,
8 managing, and evaluating the effectiveness of the program established
9 in this section. The committee shall include, at a minimum, persons
10 knowledgeable in the field of problem and pathological gambling and
11 persons representing tribal gambling, privately owned nontribal
12 gambling, and the state lottery.

13 ((5) The department of social and health services shall report to
14 the legislature by November 1, 2003, on program participation and
15 client outcomes.)) (6) For purposes of this section, "pathological
16 gambling" is a mental disorder characterized by loss of control over
17 gambling, progression in preoccupation with gambling and in obtaining
18 money to gamble, and continuation of gambling despite adverse
19 consequences. "Problem gambling" is an earlier stage of pathological
20 gambling which compromises, disrupts, or damages family or personal
21 relationships or vocational pursuits.

22 NEW SECTION. Sec. 3. A new section is added to chapter 43.20A RCW
23 to read as follows:

24 (1) The problem gambling account is created in the state treasury.
25 Money in the account may be spent only after appropriation.
26 Expenditures from the account may be used only for the purposes of the
27 program established under RCW 43.20A.890.

28 (2) The treasurer shall keep an accurate record of receipts of, and
29 deposits or payments into, and all disbursements from, the account and
30 shall separately account for and distinguish amounts received:

31 (a) Pursuant to RCW 67.70.340(3) or section 5(2) or 6(1) of this
32 act, hereinafter referred to as "mandatory contributions" to the
33 problem gambling account;

34 (b) From a tribal government located within the external geographic
35 boundaries of the state of Washington, hereinafter referred to as
36 "voluntary tribal contributions" to the problem gambling account, which
37 includes a tribal contribution in support of purposes substantially

1 similar to those described in RCW 43.20A.890 that are received by the
2 department of social and health services after January 1, 2005, but
3 before July 1, 2005, and which are transferred to the problem gambling
4 account; and

5 (c) From all other sources.

6 (3)(a) On or before September 30th of each year, the gambling
7 commission shall determine, and shall promptly thereafter notify the
8 office of treasurer of, the total and pro rata share of the amount of
9 gambling that occurred within the external geographic boundaries of the
10 state of Washington during the previous fiscal year attributable to:

11 (i) Entities subject to RCW 67.70.340(3) or section 5(2) or 6(1) of
12 this act; and

13 (ii) Tribal governments located within the external geographic
14 boundaries of the state of Washington.

15 (b) For the purposes of this section, the "amount of gambling"
16 means:

17 (i) The "net receipts" of the state lottery, as defined in RCW
18 67.70.340(3);

19 (ii) The "gross income of the business derived from contests of
20 chance" of entities subject to tax under section 5(2) of this act;

21 (iii) The "gross income of the business derived from parimutuel
22 wagering" of entities subject to tax under section 6(1) of this act;
23 and

24 (iv) The gross income derived from the conduct of Class III gaming,
25 as defined in the Indian gaming regulatory act, 25 U.S.C. Sec. 2701 et
26 seq.

27 (c) In computing the amount of gambling attributable to an entity
28 with an annual fiscal reporting period that does not coincide with the
29 state's fiscal year, the gambling commission may rely upon the report
30 for the period which it determines best reflects the most current data
31 available.

32 (d) Determinations made by the state treasurer and the gambling
33 commission are final and shall not be used to challenge the validity of
34 any transfer requirement under RCW 67.70.340, or any tax imposed under
35 section 5 or 6 of this act.

36 (4) Each expenditure from the problem gambling account shall be
37 credited:

1 (a) First against the balance of receipts, payments, and deposits
2 accounted for under subsection (2)(c) of this section, with the
3 remaining amount of the expenditure, if any, credited

4 (b) From balances of the (i) mandatory contributions to the problem
5 gambling account; and the (ii) voluntary tribal contributions to the
6 problem gambling account, as accounted for under subsection (2)(a) and
7 (b) of this section, respectively on the same pro rata basis as
8 determined in subsection (3)(a) of this section, as may be adjusted by
9 the office of financial management under subsection (8) of this
10 section, for the most recently completed fiscal year for which the pro
11 rata basis has been determined.

12 (5) No expenditure shall be made from the problem gambling account
13 if the balance of either the (a) mandatory contributions to the problem
14 gambling account; or the (b) voluntary tribal contributions to the
15 problem gambling account, as accounted for under subsection (2)(a) and
16 (b) of this section, respectively, is insufficient to fully pay for its
17 respective pro rata share of expenditure after the reduction of the
18 credit required under subsection (4)(a) of this section.

19 (6) Within ninety days after the end of each fiscal year, the
20 treasurer shall determine, and shall promptly thereafter notify the
21 office of financial management of:

22 (a) The balance, as of the first day of the most recently completed
23 fiscal year, of the mandatory contributions portion of the problem
24 gambling account, as accounted for under subsection (2)(a) of this
25 section, net of all receipts, payments, deposits, and expenditures;

26 (b) The gross total amount of the mandatory contributions received
27 during the fiscal year by the problem gambling account, as accounted
28 for under subsection (2)(a) of this section; and

29 (c) The balance, as of the last day of the most recently completed
30 fiscal year, of the mandatory contributions portion of the problem
31 gambling account, as accounted for under subsection (2)(a) of this
32 section, net of all receipts, payments, deposits, and expenditures.

33 (7) The office of financial management shall promptly determine and
34 report to the department of revenue and the lottery commission the
35 ratio of:

36 (a) The balance of the mandatory contributions portion of the
37 problem gambling account as of the end of the most recent fiscal year,
38 as determined under subsection (6)(c) of this section; to

1 (b) The gross amount of mandatory contributions made available to
2 the problem gambling account during the most recent fiscal year, which
3 shall be calculated as the sum of the amounts determined under
4 subsection (6)(a) and (b) of this section.

5 (8) In computing the ratio required by subsection (7) of this
6 section, the office of financial management may consider and adjust the
7 balances reported by the treasurer under subsection (6) of this
8 section, and the ratio determined by the gambling commission under
9 subsection (3) of this section to reflect the monetary value of
10 nonstate programs for the treatment of problem and pathological
11 gambling as determined by the advisory committee, as provided under RCW
12 43.20A.890(4).

13 **Sec. 4.** RCW 67.70.340 and 2002 c 349 s 3 are each amended to read
14 as follows:

15 (1) The legislature recognizes that creating a shared game lottery
16 could result in less revenue being raised by the existing state lottery
17 ticket sales. The legislature further recognizes that the two funds
18 most impacted by this potential event are the student achievement fund
19 and the education construction account. Therefore, it is the intent of
20 the legislature to use some of the proceeds from the shared game
21 lottery to make up the difference that the potential state lottery
22 revenue loss would have on the student achievement fund and the
23 education construction account. The legislature further intends to use
24 some of the proceeds from the shared game lottery to fund programs and
25 services related to problem and pathological gambling.

26 (2) The student achievement fund and the education construction
27 account are expected to collectively receive one hundred two million
28 dollars annually from state lottery games other than the shared game
29 lottery. For fiscal year 2003 and thereafter, if the amount of lottery
30 revenues earmarked for the student achievement fund and the education
31 construction account (~~are~~) is less than one hundred two million
32 dollars, the commission, after making the transfer required under
33 subsection (3) of this section, must transfer sufficient moneys from
34 revenues derived from the shared game lottery into the student
35 achievement fund and the education construction account to bring the
36 total revenue up to one hundred two million dollars. The funds

1 transferred from the shared game lottery account under this subsection
2 must be divided between the student achievement fund and the education
3 construction account in a manner consistent with RCW 67.70.240(3).

4 ~~(3) ((For fiscal year 2003, the commission shall transfer from~~
5 ~~revenues derived from the shared game lottery to the violence reduction~~
6 ~~and drug enforcement account under RCW 69.50.520 five hundred thousand~~
7 ~~dollars exclusively for the treatment of pathological gambling as~~
8 ~~prescribed by RCW 67.70.350.))~~ (a) The commission shall transfer, from
9 revenue derived from the shared game lottery, to the problem gambling
10 account created in section 3 of this act, an amount equal to the
11 percentage specified in (b) of this subsection of net receipts. For
12 purposes of this subsection, "net receipts" means the difference
13 between (i) revenue received from the sale of lottery tickets or shares
14 and revenue received from the sale of shared game lottery tickets or
15 shares; and (ii) the sum of payments made to winners.

16 (b) In fiscal year 2006, the percentage to be transferred to the
17 problem gambling account is one-tenth of one percent. Except as
18 provided in (c) of this subsection, in fiscal year 2007 and subsequent
19 fiscal years, the percentage to be transferred to the problem gambling
20 account is thirteen one-hundredths of one percent.

21 (c) If the ratio of the amount determined under section 3(7) of
22 this act is greater than twenty percent, the percentage to be
23 transferred to the problem gambling account during the calendar year
24 beginning January 1st following the end of the fiscal year for which
25 the ratio was determined shall be reduced by an amount equal to the
26 amount otherwise due multiplied by the ratio determined under section
27 3(7) of this act.

28 (4) The remaining net revenues, if any, in the shared game lottery
29 account after the transfers pursuant to this section shall be deposited
30 into the general fund."

31 On page 5, beginning on line 13 of the amendment, strike all of
32 section 6 and insert the following:

33 "NEW SECTION. Sec. 6. A new section is added to chapter 82.04 RCW
34 to read as follows:

35 (1) Upon every person engaging within this state in the business of
36 conducting race meets for the conduct of which a license must be

1 secured from the Washington horse racing commission; as to such
2 persons, the amount of tax with respect to the business of parimutuel
3 wagering is equal to the gross income of the business derived from
4 parimutuel wagering multiplied by the rate of 0.1 percent through June
5 30, 2006, and 0.13 percent thereafter. The money collected under this
6 section shall be deposited in the problem gambling account created in
7 section 3 of this act.

8 (2) If the persons described in subsection (1) of this section
9 receive income from sources other than those described in subsection
10 (1) of this section or provide services other than those named in
11 subsection (1) of this section, that income and those services are
12 subject to tax as otherwise provided in this chapter.

13 (3) For purposes of this section, "gross income of the business"
14 does not include amounts paid to players for winning wagers, or taxes
15 imposed or other distributions required under chapter 67.16 RCW.

16 (4) The tax imposed under this section is in addition to any tax
17 imposed under chapter 67.16 RCW."

18 Beginning on page 6, line 28 of the amendment, strike all of
19 section 9 and insert the following:

20 "NEW SECTION. **Sec. 9.** A new section is added to chapter 82.04 RCW
21 to read as follows:

22 If the ratio of the amount determined under section 3(7) of this
23 act is greater than twenty percent, a taxpayer required to pay the tax
24 imposed under section 5(2) or 6(1) of this act, during the calendar
25 year beginning January 1st following the end of the fiscal year for
26 which the ratio was determined, shall be allowed to take a credit
27 against the current tax due in an amount equal to the amount due
28 multiplied by the ratio of the amount determined under section 3(7) of
29 this act. The credit is nontransferable and may not be carried forward
30 to any future tax period.

31 **Sec. 10.** RCW 9.46.071 and 2003 c 75 s 1 are each amended to read
32 as follows:

33 (1) The legislature recognizes that some individuals in this state
34 are problem or (~~compulsive~~) pathological gamblers. Because the state
35 promotes and regulates gambling through the activities of the state

1 lottery commission, the Washington horse racing commission, and the
2 Washington state gambling commission, the state has the responsibility
3 to continue to provide resources for the support of services for
4 problem and ((~~compulsive~~)) pathological gamblers. Therefore, ((~~at a~~
5 ~~minimum,~~)) the Washington state gambling commission, the Washington
6 horse racing commission, and the state lottery commission shall jointly
7 develop informational signs concerning problem and ((~~compulsive~~))
8 pathological gambling which include a toll-free hot line number for
9 problem and ((~~compulsive~~)) pathological gamblers. The signs shall be
10 placed in the establishments of gambling licensees, horse racing
11 licensees, and lottery retailers. In addition, the Washington state
12 gambling commission, the Washington horse racing commission, and the
13 state lottery commission may also contract with other qualified
14 entities to provide public awareness, training, treatment, and other
15 services to ensure the intent of this section is fulfilled.

16 (2) While section 5 of this act is in effect, the commission may
17 not increase fees payable by licensees under its jurisdiction for the
18 purpose of funding services for problem and compulsive gamblers,
19 including but not limited to the program established under RCW
20 43.20A.890. Any fee imposed or increased by the commission, for the
21 purpose described in this section, before the effective date of this
22 section, shall have no force or effect after the effective date of this
23 section."

24 Renumber the remaining sections consecutively.

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